

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. McCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Wakefield Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 28, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes payments are made August 1 each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

As part of our 2018 actuarial valuation, we recommended the Board adopt a 7.35% assumption. Ultimately the Board maintained the 7.50% assumption used in the 2016 valuation. For this valuation we recommended a 7.25% assumption (a 25 basis point reduction from the 2018 assumption). The Board requested and then adopted a 7.40% assumption. We have generally recommended an assumption of 7.00% to 7.15% for our 2020 actuarial valuations. For comparison, there are 56 systems that currently use an assumption of 7.25% or lower. The 7.40% assumption is at the high end of our reasonable range for this assumption as of January 1, 2020.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

P:\actuarial\APPROP\Approp21\wakefield approval.docx

Enc.



**Wakefield Retirement System
January 1, 2020 Actuarial Valuation**

5.0% then 6.5% then 8.0% total cost increasing until FY35 with a final amortization payment in FY36

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2010 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase Total Cost</u>
2021	2,629,259	125,000	4,051,666	7,263	6,813,188	72,418,486	
2022	2,747,575	125,000	4,274,008	7,263	7,153,847	73,443,934	5.00%
2023	2,871,216	125,000	4,615,368	7,263	7,618,847	74,307,881	6.50%
2024	3,000,421	125,000	5,102,934		8,228,355	74,871,307	8.00%
2025	3,135,440	125,000	5,626,184		8,886,624	74,963,631	8.00%
2026	3,276,535	125,000	6,196,019		9,597,554	74,504,138	8.00%
2027	3,423,979	125,000	6,816,379		10,365,358	73,402,259	8.00%
2028	3,578,058	125,000	7,491,529		11,194,587	71,556,512	8.00%
2029	3,739,071	125,000	8,226,083		12,090,153	68,853,355	8.00%
2030	3,907,329	125,000	9,025,037		13,057,366	65,165,917	8.00%
2031	4,083,159	125,000	9,893,796		14,101,955	60,352,605	8.00%
2032	4,266,901	125,000	10,838,211		15,230,111	54,255,575	8.00%
2033	4,458,911	125,000	11,864,609		16,448,520	46,699,061	8.00%
2034	4,659,562	125,000	12,979,840		17,764,402	37,487,529	8.00%
2035	4,869,243	125,000	14,191,312		19,185,554	26,403,666	8.00%
2036	5,088,358	125,000	13,284,701		18,498,059	13,206,169	-3.58%
2037	5,317,335	125,000			5,442,335	0	-70.58%

Appropriation payments assumed to be made August 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$575,000.

FY21 appropriation maintained at the same level as the current schedule.